Weekly Economic Review

Solid finish for manufacturing sales

Manufacturing Shipments

Energy boosts manufacturing sales

Alberta's manufacturing shipments ended 2016 on a positive note. The value of manufacturing shipments reached $5.6 billion in December, up 7.5% year-over-year (y/y) and 14% higher than the trough reached in February 2016. Compared to the previous month, manufacturing shipments rose 2.9% bolstered by strong growth in petroleum and coal (+16% month-over-month or m/m) and chemical products (+3% m/m) (Chart 1). Despite the recent surge, manufacturing shipments fell 8.6% in 2016 largely reflecting weakness in the first half of the year. While chemical (+6.3%) and wood products (+8.2%) increased for the year as a whole, these were outweighed by losses in all other major categories.

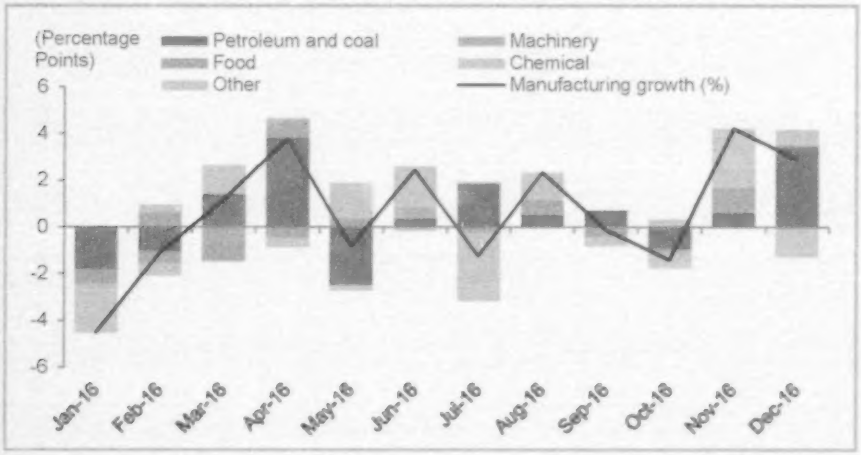
Employment Insurance

Initial claims subside to historical levels

Initial claims continue to decline and are now near historical levels for December. However, the high volume of renewal claims has kept the total number of Employment Insurance (EI) claims elevated. Overall EI claims stood at 30,480 in December, up slightly from the previous month but down 6.5% from last year. The introduction of the EI extension program in July has kept renewal claims elevated since then. As a result, the number of Albertans receiving regular EI benefits increased for the third month in a row to 97,870 in December, just below the July 2016 peak.

Chart 1: Strong gains in energy and chemical products fuel monthly growth

Contribution to month-over-month growth in manufacturing shipments



Source: Statistics Canada

Existing Home Sales

Home sales remain steady

Existing home sales held steady at the start of 2017 following strong gains in December. Home sales were virtually unchanged at 4,667 units in January. The number of new listings in the province fell for the fourth month in a row (-1.6% m/m), pulling down the months of inventory to 5.5, the lowest level since September 2015. Meanwhile, average resale prices gave back the gains from the previous months as they fell 1.1% m/m to $396,112; however, they remain 3.2% higher than a year ago. Nationally, sales activity fell in most provinces with the exception of Manitoba and parts of Atlantic Canada.

Construction Price Index

Construction costs stabilize

Non-residential construction costs in Alberta continue to stabilize following declines earlier in 2016. The non-residential construction price index (NCPI) was roughly unchanged (+0.2% quarter-over-quarter or q/q) in the last quarter of 2016. The NCPI remains lower than year-ago levels (-2.2% y/y), although the pace of decline has been moderating since the second quarter of 2016. For the year 2016 as a whole, non-residential construction costs were down 2.8%, reflecting declines across all categories. Construction costs fell in both Calgary (-2.6%) and Edmonton (-2.9%).

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Please see the *Alberta Economy- Indicators at a Glance* for a snapshot of Alberta indicators.

Alberta Government

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Treasury Board and Finance
Economics and Revenue Forecasting